

Message Text

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46

ACTION ARA-20

INFO OCT-01 ISO-00 AGR-20 AID-20 CIAE-00 COME-00 EB-11

FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20

STR-08 CEA-02 L-03 H-03 PRS-01 PA-04 USIA-15 TAR-02

SWF-02 DRC-01 /188 W

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R 062157Z AUG 74 ZFG

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 7755

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY BOGOTA

AMCONSUL GUAYAQUIL

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

USCINCSO

UNCLAS TEGUCIGALPA 3298

E.O. 11652: N/A

TAGS: ETRD, HO

SUBJ: BANANA SITUATION IN HONDURAS

1. LA NOTICIA PUBLISHED FRONT PAGE STORY IN AUGUST 5 PAPER
QUOTING RADIO REPORTS FROM COSTA RICA INDICATING THAT UNITED
BRANDS WOULD LEAVE HONDURAS BECAUSE OF TAX SITUATION. ACCORDING
TO STORY, JOHN TAYLOR, VICE PRESIDENT OF UNITED BRANDS STATED
IN COSTA RICA THAT THE COMPANY IS READY TO SELL ITS INSTALLATIONS
TO THE GOVERNMENTS OF PANAMA, COSTA RICA AND HONDURAS BECAUSE
THE OPERATION HAS BECOME TOO EXPENSIVE DUE TO THE BANANA TAX.
HE ALSO STATED THAT UNITED BRANDS WAS READY TO MARKET THE
BANANAS IF INSTALLATIONS TAKEN OVER BY GOVERNMENTS.

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2. ON AUGUST 6 THE TIEMPO CARRIED AN INTERVIEW WITH HOUSTON LACOMBE, MANAGER OF THE UNITED BRANDS OPERATION IN HONDURAS. LACOMBE STATED THAT THE COMPANY HAD NO THOUGHT OF LEAVING ITS HONDURAN INSTALLATIONS. HE SAID THAT HE HAD ASKED FOR A CLARIFICATION OF WHAT TAYLOR HAD SAID BUT HAD NOT RECEIVED A CONFIRMATION. HE STATED THAT THE COMPANY BELIEVES THAT AN AGREEMENT CAN BE REACHED IF ALL SIDES CONSIDER THEIR SITUATION REALISTICALLY. HE EMPHASIZED, HOWEVER, THAT THE COMPANY IS LOSING MONEY ON ITS OPERATION BECAUSE OF THE TAX, AND POINTED OUT THAT NO PRIVATE COMPANY COULD CONTINUE TO LOSE MONEY ON AN INDEFINITE BASIS. HE OBSERVED THAT THE COMPANY HAD BEEN PAYING THE TAX FOR THE PAST THREE MONTHS AND HAD BEEN LOSING MONEY DURING THAT PERIOD.

3. THE ASOCIACION NACIONAL DE BANANEROS INDEPENDIENTES (ANBI) ALSO PRESENTED ITS POSITION AUGUST 2 TO MINECON BENNATON. THE PRESIDENT OF ANBI, ARTURO CASTILLO, STATED, "WE KNOW CLEARLY WHAT HAS HAPPENED RECENTLY IN PANAMA AND COSTA RICA, AND, OF COURSE, WE DO NOT WISH THAT SOMETHING SIMILAR BE PRODUCED IN HONDURAS." WHILE SUPPORTING GOVERNMENT OBJECTIVES OF HIGHER REVENUE, ANBI'S NATIONAL PRODUCERS ARE RESPONSIBLE FOR SEVEN THOUSAND WORKERS AND "MUST RELATE OURSELVES TO ECONOMIC REALITY AND BE PRACTICAL ABOUT MARKETING OF THE FRUIT."

4. RESPONDING TO BENNATON'S VIEW THAT HONDURAS MUST SEE WHAT HAPPENS IN THE OTHER COUNTRIES, CASTILLO STATED A QUICKER SOLUTION IS REQUIRED "BECAUSE WHILE THE GOVERNMENT IS RECEIVING FIFTY CENTS PER BOX, THE NATIONAL PRODUCERS ARE NOT SELLING ALL THEIR PRODUCTION."
SANCHEZ

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